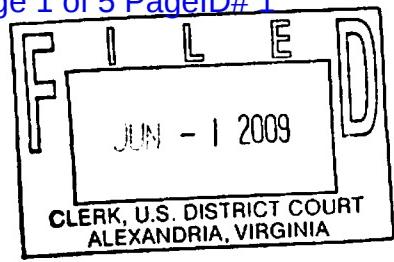


IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION



OWNERS INSURANCE COMPANY,
and
AUTO-OWNERS INSURANCE COMPANY,

Plaintiffs,

v.

CASE NO.: 1:09cv608 LO/JFA

SPRING LAKE CARS, INC.
d/b/a HUGHES MOTOR CARS

Serve: Basil K. Hashwah,
Registered Agent
3380 Rector Town Road
Marshall, Virginia 20115,

BASEL K. HASHWAH

Serve: 3380 Rector Town Road
Marshall, Virginia 20115

318 Broadview Avenue
Warrenton, Virginia 20186-2331,

HUSED CARS, INC.

Serve: Michael J. Chamowitz
Registered Agent
118 N. Alfred St.
Alexandria, VA 22314,

KEVIN PATRICK HUGHES

Serve: 105090 Sycamore Hills Place
Haymarket, Virginia 20169,

and

CINDY HUGHES

Serve: 105090 Sycamore Hills Place
Haymarket, Virginia 20169,

Defendants.

COMPLAINT FOR DECLARATORY JUDGMENT

Owners Insurance Company (“Owners”) and Auto-Owners Insurance Company (“Auto-Owners”), by counsel, files this Complaint for Declaratory Judgment, and in support thereof states as follows:

Parties, Jurisdiction and Venue

1. Plaintiff Owners is a property and casualty insurance company, incorporated under the laws of the State of Michigan, with its principle place of business in the State of Michigan, licensed to do business and is doing business in the Commonwealth of Virginia.
2. Plaintiff Auto-Owners is a property and casualty insurance company, incorporated under the laws of the State of Michigan, with its principle place of business in the State of Michigan, licensed to do business and is doing business in the Commonwealth of Virginia.
3. Defendant Spring Lake Cars, Inc. d/b/a Hughes Motor Cars (“Spring Lake Cars”) is a corporation, incorporated under the laws of the Commonwealth of Virginia, with its principle place of business in the Commonwealth of Virginia.
4. Defendant Basel K. Hashwah is a natural person and, upon information and belief, is a resident of Marshall, Virginia.
5. Defendant Hused Cars, Inc. (“Hused Cars”) is a corporation, incorporated under the laws of the Commonwealth of Virginia, with its principle place of business in the Commonwealth of Virginia.
6. Defendant Kevin Patrick Hughes is a natural person and, upon information and belief, is a resident of Haymarket, Virginia.
7. Defendant Cindy Hughes is a natural person and, upon information and belief, is a resident of Haymarket, Virginia.

8. This Court has jurisdiction in this action pursuant to 28 U.S.C. §1332, as amended, as the matter in controversy involves a dispute between citizens of different states and the amount in controversy, exclusive of interest and costs, exceeds \$75,000.

9. Venue is proper in this district pursuant to 28 U.S.C. §1391(a) since a substantial part of the events giving rise to this Complaint arose in this district.

10. Owners is entitled to declaratory relief in accordance with 28 U.S.C. §2201.

Factual Allegations

11. This action to determine insurance coverage arises from two lawsuits styled Kevin Patrick Hughes and Cindy Hughes v. Spring Lake Cars, Inc. d/b/a Hughes Motor Cars and Basel Hashwah, Case No. CL08-795, and Hused Cars, Inc. v. Spring Lake Cars, Inc. d/b/a Hughes Motor Cars and Basel Hashwah, Case No. CL08-818, which are currently pending in the Circuit Court for Fauquier County, Virginia ("Underlying Actions"). A true and accurate copy of the Complaints filed in the Underlying Actions is attached hereto as Exhibits A and B.

12. The Complaints speak for themselves, but generally allege breaches of certain business agreements entered into between Spring Lake Cars/Basel Hashwah and Hused Cars/Kevin Hughes/Cindy Hughes relating to two used car businesses.

13. Owners issued a Tailored Protection Insurance Policy, with commercial general liability coverage, to named insured Spring Lake Cars, Inc. d/b/a Hughes Motor Cars, policy number 084645-43634827-08, with an effective period of May 15, 2008 through May 15, 2009 ("CGL Policy").

14. Owners issued a Tailored Protection Insurance Policy, with garage liability coverage, to named insured Spring Lake Cars, Inc. d/b/a Hughes Motor Cars, policy number 47-634-827-00, with an effective period of May 15, 2008 through May 15, 2009 ("Garage Policy").

15. Auto-Owners also issued a Commercial Umbrella Liability Policy to named insured Spring Lake Cars, Inc. d/b/a Hughes Motor Cars, policy number 47-634-827-01, with an effective period of May 15, 2008 through May 15, 2009 ("Umbrella Policy").

16. The referenced CGL Policy, Garage Policy and Umbrella Policy are referred to collectively as the "Policies".

17. Owners and Auto-Owners are currently providing a defense to Spring Lake and Basel Hashwah in the Underlying Actions, subject to a full and complete reservation of rights under the Policies.

18. The Policies do not provide coverage to Spring Lake or Basel Hashwah for the claims and allegations asserted against them in the Underlying Actions for the following reasons:

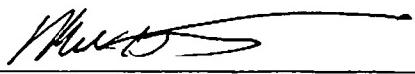
- a. The Underlying Actions do not allege covered bodily injury or property damage caused by an accident or occurrence, as required under the insuring agreements of the Policies;
- b. The claims and allegations asserted in the Underlying Actions are barred from coverage, either in whole or in part, by certain exclusions in the Policies; and
- c. Spring Lake and/or Basel Hashwah breached certain conditions in the Policies regarding reporting of accidents, occurrences, claims or suits.

19. An actual controversy exists as to the existence of coverage under the Policies for the claims and allegations asserted against Spring Lake and Basel Hashwah in the Underlying Actions.

WHEREFORE, Owners Insurance Company, by counsel, respectfully prays for the following relief:

- A. That this Court issue an Order declaring that no coverage is afforded to either Spring Lake or Basel Hashwah under the Policies for the claims and allegations asserted against Spring Lake and Basel Hashwah in the Underlying Actions; and
- B. That this Court grant such other legal and equitable relief as it deems appropriate and just.

**OWNERS INSURANCE COMPANY and
AUTO-OWNERS INSURANCE COMPANY**

By: 

Of Counsel

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Auto-Owners Insurance Company*